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April 1, 2004

Mary Cottrell, Secretary  
Department of Telecommunications and Energy  
One South Station  
Boston, MA 02110

RE: D.T.E. 04-32 Petition for Approval to Enter into a Competitive Electric  
Supply Agreement as an Opt-Out Municipal Aggregator (the "Petition")

Dear Secretary Cottrell:

I am writing in support of the above Petition (the "Petition") submitted by the Cape Light Compact (CLC). DOER believes that the CLC has taken an innovative and prudent approach to securing Standard Offer supply for its members. We urge the Department to approve the request expeditiously so that customers can begin to receive the benefits of lower prices as soon as possible.

CLC has carefully planned the expansion of the present electric offering for 50,000 Default Service customers with a new offering to the 140,000 Standard Offer customers in its area. Two innovations in the Petition are particularly notable. First, CLC has developed Energy Service Agreements with three potential suppliers in advance of issuing a solicitation but with the commitment of pricing lower than the current Standard Offer service for customers. These Agreements will allow CLC to be flexible and respond quickly to the market to secure the lowest possible price – lower than what may have been obtained had they secured the price in advance of Department review. By coupling the solicitation with the addition of the Default Service at the end of the Standard Offer period, CLC has taken a forward looking approach which will result in merging all of its customers ultimately onto one service.

In addition, CLC will require potential suppliers to provide separate forms of financial security for nonperformance, such as parent guarantees, in addition to the insurance, liability and

funding mechanisms in the 2004 Energy Service Agreement approved by the Department of Telecommunications and Energy. These sureties are in the form of a guaranty and provide payment of any obligations owed by the supplier in the event of nonperformance under the terms of the ESA, thereby strengthening the financial assurances.

CLC has clearly demonstrated both the organizational capability and community awareness necessary to successfully accomplish the activities outlined in the "Petition". DOER believes CLC is an excellent example of how municipalities can choose to create value for residents and businesses by combining the value of buying electricity at lower prices in a competitive market with energy efficiency programs designed to meet community needs. I urge you to promptly approve the Petition.

Sincerely,

David L. O'Connor, Commissioner  
Division of Energy Resources

cc. Jeffrey M. Bernstein, Esq.